

## **FINAL STATEMENT OF REASONS**

### **UPDATE OF INITIAL STATEMENT OF REASONS**

#### **SECTIONS 15060, 15070, 15071.**

The proposed regulations and rulemaking materials have been revised for the following reasons:

An error had been made on the Notice of Proposed Rulemaking submitted to the public and published in California Register on July 4, 2003. A template has been used in developing the Notice for the proposed regulations. On page 3 of the Notice, the information placed into “Affect on Small businesses” was incorrect. The information in that section pertained to a previous set of regulations submitted in a Notice to the Office of Administrative Law. Upon conferring with staff at OAL, it was suggested that a “Corrected Notice of Proposed Rulemaking” be added to the California Department of Education’s (Department) regulation website. The Corrected Notice was placed on the regulation website on July 14, 2003.

In addition, an inadvertent error was also made when the proposed regulations were released for public comment, in that some last minute, non-substantive changes, including a non-substantive change requested by the State Board of Education, were not incorporated into the current version of the proposed regulations. These changes are now reflected in the final version of the proposed regulations.

Two public comments were received with regards to the proposed regulations. Department staff received a comment from the Department of Finance (DOF), suggesting an addition of language to the proposed regulations. After conferring with OAL, program staff at the Department determined that the amendment suggested by DOF is clarifying only, and the language has been added to the proposed regulations.

#### **SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE INITIAL NOTICE PERIOD OF JULY 4, 2003 THROUGH AUGUST 25, 2003.**

**Comment:** The Department of Finance (DOF) suggested an amendment to Section 15070 to clarify that the regulations proposed in Section 15070 do not impose a mandate on local educational agencies (LEAs) to use the standardized account code structure (SACS). Even though all school districts and county offices of education have voluntarily opted into the program by accepting the funding provided by Section 39 of Chapter 299, Statutes of 1997, the DOF was concerned that a section of the proposed regulations could be construed as imposing a State mandate on school districts.

**Response:** The State Board of Education (SBE) has incorporated the language suggested by the DOF into Section 15070, although with the concurrence of the DOF, the proposed sentence has been rearranged.

**Comment:** Eric Premack expressed various concerns about requiring charter schools to report using SACS and the level of detail contained in the alternative form for charter schools.

**Response:** The regulations allow, but do not require, charter schools to report in the SACS format. Also, as previously discussed, we believe the alternative form for charter schools is an appropriate level of detail, and is not onerous for charter schools. Therefore, no changes were made to the regulations or alternative form as a result of these comments.

## **ALTERNATIVES DETERMINATION**

The State Board has determined that no alternative would be as effective in carrying out the purpose for which the regulation is proposed without being more burdensome.

## **LOCAL MANDATE DETERMINATION**

The proposed regulations do not impose any mandate on local agencies or school districts.

## **INCORPORATION BY REFERENCE**

*Charter School Unaudited Actuals Financial Report – Alternative Form - July 1, 2003 –to June 30, 2004 – Charter School Certification* (developed 6/19/03)

*Charter School Unaudited Actuals Financial Report – Alternative Form – July 1, 2003 to June 30, 2004* (developed 6/19/03)

All of the documents were incorporated by reference because it would be cumbersome, unduly expensive and otherwise impractical to publish all of them in the California Code of Regulations.

All of the documents were available upon request directly from the California Department of Education (Department) for public review and comment during the public comment period. The documents were also available at the Department's website at [www.cde.ca.gov/fiscal/software](http://www.cde.ca.gov/fiscal/software) and [www.cde.ca.gov/fiscal/sacs](http://www.cde.ca.gov/fiscal/sacs).

## **REQUEST THAT REGULATIONS BECOME EFFECTIVE UPON FILING**

SBE requests that OAL permit the regulations in the current rulemaking file to become effective upon filing, so that the SBE can proceed with providing information and guidance, particularly to charter schools, on the financial reporting formats. Many charter schools will need this time to prepare for the process of reporting their 2003-04 fiscal year financial data, which may include setting up their accounting systems to conform to the approved formats.